Position paper The Netherlands – Future of the automotive industry

The automotive industry plays an indispensable role in providing European citizens with the means to connect, strengthen our economy and to go wherever, whenever we want to. European citizens cherish the freedom, the comfort, and flexibility that a car provides. In addition to cars, trucks and busses are equally crucial, ensuring the movement of goods and further strengthening our economy and daily lives. We should not turn a blind eye to the challenges the automotive industry currently faces. There is a clear sense of urgency and the Commission, member states and stakeholders should work together to unlock the potential of our automotive industry to make road vehicles smarter, cleaner, and safer. We welcome Von der Leyen's commitment to the future oriented strategic dialogue with the automotive industry and look forward to the upcoming Action Plan for the EU Automotive Industry.

Innovation and leadership in future technologies and capabilities

- The Netherlands has considerable stakes in the health of the automotive industry, either through Dutch Heavy Duty Vehicle (HDV) manufacturers or Dutch 1st and 2nd degree suppliers of highly innovative technologies, such as semiconductors, high-quality steel and advanced composite materials. These industries have made investments to compete through emission-free technologies. Adjustments to existing CO2-norms would lead to an unlevel playing field, negatively impact early movers and legal certainty, and discourage investments in innovative technologies. European measures should ensure the long-term health of the automotive industry and avoid exacerbating reliance on fossil fuels.
- The Netherlands believes the transitions towards emission-free, and digital and automated mobility should go together as they can reinforce each other. The digitalization and automation of vehicles are pivotal for the future of the European automotive industry as the industry can play a leading role to set the benchmark. The Netherlands believes the transitions can contribute to efficiency, improved road safety and comfort for the road user, if applied under the right conditions. Therefore, it is necessary to take into account, among others, national security risks and the protection of privacy of citizens.
- The Netherlands invites the Commission, Member States and the industry to have a structural dialogue on the (cross-border) deployment of automation of vehicles in our mobility system. The Netherlands will issue an informal discussion note on the next steps towards successful deployment of automated transport (see document attached).
- The Netherlands believes that clear regulations on vehicle data processing could ensure a level playing field for manufacturers and other players in the market while at the same time protecting citizens from privacy violations and national security risks.
- The Netherlands believes that innovation in and around vehicles contribute to an increase in road safety. The Netherlands invests actively in advanced digital technologies, such as ADAS and V2X communication, to enhance vehicle intelligence and safety. Software-defined vehicles unlock significant potential for improving road safety and promoting efficient mobility by facilitating real-time alerts (e.g., when an ambulance is approaching), enabling drivers to respond promptly. The Netherlands is committed to leveraging these innovations and ensuring that the European industry remains competitive with its international counterparts while considering national security risks and protection of privacy of citizens.

Clean transition and decarbonization:

- The Netherlands supports the ambition to strengthen European innovation and decarbonize the European automotive industry. At the same time, we realize that EU-legislation has focused mostly on the supply of emission-free vehicles, while falling short on measures to stimulate demand for such vehicles.
- The Netherlands believes that stimulating demand would drastically help the automotive sector increase their competitiveness and help them to reach their goals. The Commission should consider a wide array of EU-measures that would increase the uptake of emission-free vehicles and innovative products like car sharing that have great potential in more widespread accessibility of emission-free vehicles.
- The *Clean Corporate Fleets* initiative provides a clear opportunity to increase the uptake of emission free corporate vehicles in the EU. More than half of all new sales of passenger cars, and almost all vans, trucks, and coaches are purchased by companies. The potential of measures addressing these vehicles is enormous. It would provide clarity and certainty to manufacturers that there is a market for zero-emission vehicles, now and in the future.
- Manufacturers of HDVs express a clear need for swift, wide-spread roll-out of charging infrastructure. An increased coverage of charging infrastructure would greatly stimulate demand for emission-free vehicles.

- A particular challenge for the roll-out of charging infrastructure, is grid congestion. We believe mitigating measures are required that promote the roll-out of charging infrastructure while relieving grid congestion. Solutions for grid congestion and emission-free transport go hand-in-hand, such as charging stations combined with stationary batteries, and should also utilise benefits related to vehicle-to-grid protocols, such as smart- and bi-directional charging.
- The transition is not just technological, but also economical and societal. We should ensure that European citizens retain access to affordable, safe, and clean mobility by car. For example, a social transition to more shared mobility could help with those questions.
- The importance of fact-based decision making is paramount. A clear perspective is required on what is happening in the EU vehicle market, how this compares to long-term developments, and what potential consequences might be for vehicles manufacturers. This should be taken into account for an evaluation of CO2-LDV in 2026 and CO2-HDV in 2027.

Competitiveness and resilience

- An urgent area for strengthening competitiveness, innovation and resilience is the battery supply chains. To decrease reliance on foreign manufacturers for an increased consumption of batteries, we should consider recycling of batteries, the development of next-generation battery materials and production technology, as well as securing access to critical raw materials through European mining, refining, and processing capacities, in line with the European Critical Raw Materials Act.
- Private investments in innovation and emission-free technology improve European competitiveness and should speed up the transition to emission-free mobility.
- Incentives to increase the uptake of emission free vehicles, should lead to decreased reliance and dependencies on manufacturers from outside of the EU. It should be ensured that private capital leads to targeted investments in the European automotive sector as much as possible, thereby limiting the reliance on pooling.
- Current legislation is already based on technological neutrality, where the market is free to decide their own 100% emission-free powertrain. The scope of technological neutrality should remain limited to 100% emission-free at the tailpipe, as a broader scope would elongate ineffective and inefficient technologies in the future.
- The European automotive industry is of vital importance to our international earning capacity, employment, general level of prosperity, and private investments in R&D accompanied by spillover effects to other sectors. Competitiveness should be ensured to safeguard those interests and prevent high risk strategic dependencies from emerging.

Trade relations and international level playing field

- The EU automotive industry experiences strong competitive pressures from outside the EU, both in export and import. The existing legal framework for CO2-norms allows EU-manufacturers to grow their competitiveness towards non-EU producers who are currently ahead in the transition to emission-free, automated, and digitised mobility. This would allow EU-manufacturers to retain their position as a global leader in the automotive sector.
- The Netherlands supports the goals of creating a global level playing field, within internationally agreed rules and the use of existing instruments of the EU. If manufacturers from other continents want to sell in the EU, European manufacturers should be able to do the same in countries outside the EU. The same extends to knowledge sharing, research and development in particular with regard to digitalization and automation of vehicles.
- The existing European type approval regime for vehicles is an important means to ensure a level playing field for the EU internal market.
- Technical standardization and harmonization contribute to a level playing field, provided it serves the realization of European policy objectives. When developing new global technical regulations, extra attention could be paid to the potential impact on the competitiveness of the European automotive industry.
- The Netherlands recognises the strategic importance of standardization for Europe's societal and economic objectives. These include promoting the EU's global competitiveness, security and open strategic autonomy, as well as its ability to promote its values. The Netherlands supports harmonized standards because they provide legal certainty, security and stability to users, reduce costs for manufacturers, and thereby contribute to the proper functioning of the internal market.

Regulatory streamlining and process optimization

- Overall, European legislation should be stable and predictable to ensure an attractive investment climate for the industry to invest in innovation and to create legal certainty. The Netherlands considers 'regulatory streamlining and process optimization' an important topic. Specially, to learn from incidents and accidents because this could accelerate innovation, as it offers more certainty and perspective for action in the event of incidents. This mitigates an important risk of innovation. The so-called 'In Service Monitoring' is an important step, but it is not yet clear how European authorities and Member States can use it to recognize patterns in accidents at an early stage and adjust regulations where necessary.
- The Netherlands would welcome in future proposals to include an impact analysis on the existing infrastructure and to propose mechanisms to ensure greater regulatory coherence.
- The Netherlands would welcome further alignment between international vehicle regulation for admission to the market and corresponding regulations related to the entire lifecycle of vehicles. This also applies to relevant EU horizontal legislation.
- New legislation should allow sufficient lead time for Member States to incorporate them in (existing) national legal frameworks and operational processes.
- The industry could benefit from involving all relevant stakeholders in the strategic dialogue.